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Summary:

Seekonk, Massachusetts; General Obligation

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Summary:

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Credit Profile		
Seekonk Twn GO		
Long Term Rating	AA+/Stable	Upgraded
Seekonk Twn GO		
Unenhanced Rating	AA+(SPUR)/Stable	Upgraded
Many issues are enhanced by bond insurance.		

Rationale

Standard & Poor's Ratings Services raised its general obligation (GO) rating on the the Town of Seekonk, Mass. to 'AA+' from 'AA-' based on local GO criteria released Sept. 12, 2013. The outlook is stable.

Unlimited ad valorem taxes levied on taxable property within Seekonk secure the GO bonds.

The rating reflects our assessment of the following factors for the town, specifically:

- We consider the town's economy to be very strong, with projected per capita effective buying income at 119% as a percent of that of the U.S. and per capita market value of \$ 148,032. Seekonk, with an estimated population of 13,500, is a primarily residential community on the Massachusetts-Rhode Island border, just four miles east of Providence, R.I. Due to easy highway access from Route 44 and Interstate 195, the town serves as a regional retail center. Traditionally, Bristol County unemployment has tracked higher than that of the state and the nation and averaged 9.3% in 2012. Assessed value has declined by 7.5% in past three fiscal years and was valued at \$2 billion in 2013.
- In our opinion, the town's budgetary flexibility is strong with available reserves above 8% of expenditures for the past three years and no plans to significantly spend them down. Audited fiscal 2012 available reserves were \$6.9 million or 15.2% of expenditures. Seekonk reports 2013 reserves will be level with its 2012 results.
- The town's budgetary performance has been strong in our view. After adjusting for one-time revenues and expenditures, the town ended fiscal 2012 with an operating surplus of 3.5% in the general fund and 3.7% in the total governmental funds. Property taxes, which we view as a stable and predictable source, account for almost two-thirds of the general fund revenues; current property tax collections remain what we consider strong, with a near 99% collection rate.
- Supporting the town's finances is what we consider to be very strong liquidity with total government available cash being at 13.5% of total governmental fund expenditures and at almost 2.3x of debt service in fiscal 2012. We believe Seekonk has strong access to external liquidity as it has issued GO bonds frequently in the past 15 years.
- We view the town's management conditions as strong, with "good" management practices under our Financial Management Assessment, indicating that practices exist in most areas, although not all might be formalized or regularly monitored by governance officials.
- In our opinion, the town's debt and contingent liabilities profile is strong, with total governmental funds debt service as a percent of total governmental funds expenditures at 5.8% and with net direct debt as an percent of total governmental funds revenue at 21.8%. The town plans on issuing \$4.3 million of GO debt within the next two years

for capital projects.

- Seekonk participates in a cost-sharing, multiple-employer defined benefit plan of the Bristol County Contributory Retirement System. It contributed 100% of the annual required contribution in fiscal 2012, equivalent to 4.1% of expenditures. The town also contributes to other postemployment benefits (OPEB) in the form of health and life insurance on the pay-as-you-go basis. The unfunded OPEB liability is approximately \$44 million, which represents about 2.2% of market value or \$3,200 per capita. Together, the town's actual contribution in fiscal 2012 to pension and OPEB was \$2.0 million and \$1.2 million, respectively, or about 6.6% of total governmental expenditures.
- We consider the Institutional Framework score for Massachusetts towns as strong. See Institutional Framework score for Massachusetts, published Sept. 12, 2013.

Outlook

The stable outlook reflects what we view as the town's very strong liquidity position and strong budgetary flexibility. In addition, we believe Seekonk's very strong economy and access to the Providence metropolitan statistical area lends stability to the town's tax base. Consequently, we do not expect to change the rating within the outlook's two-year time frame. While unlikely, if management is unable to maintain structural balance resulting in what we view as weak budgetary performance and flexibility, we could lower the rating.

Related Criteria And Research

Related Criteria

- Institutional Framework Overview: Massachusetts Local Governments, Sept. 12, 2013
- USPF Criteria: Local Government GO Ratings Methodology And Assumptions, Sept. 12, 2013

Related Research

- S&P Public Finance Local GO Criteria: How We Adjust Data For Analytic Consistency, Sept. 12, 2013

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